



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Edelen Releases Audit of Trigg County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Adam Edelen has released the audit of the financial statements of the Trigg County Fiscal Court for the fiscal year ended June 30, 2011. State law requires annual audits of county fiscal courts.

Trigg County prepares its financial statements on a modified cash basis of accounting. The financial statements of the Trigg County Hospital, Inc., a discretely presented component unit of the county, are presented in accordance with the accrual basis of accounting. Both methods of accounting are acceptable, but the difference is noted in the auditor's opinion letter.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

**The fiscal court should strengthen internal controls over the financial reporting of capital assets and infrastructure.** During testing of capital assets and infrastructure, we noted the fiscal court's capital assets records were incomplete as to current year work in process, depreciation amounts, accumulated depreciation amounts, and current year disposals.

Strong internal controls over capital assets are necessary to ensure accurate financial reporting as well as protect assets from misappropriation.

In order to strengthen the fiscal court's internal controls over capital assets and infrastructure, we recommend the county establish a detailed inventory system. This system should include a detailed description of the asset, an inventory control number or serial number, the date acquired, location, date destroyed or sold as surplus, and a brief description of why the asset was discarded. The inventory of county assets should be updated throughout the year as new

assets are purchased. It should also be updated as to annual depreciation and accumulated depreciation amounts and current year disposals. We also recommend the fiscal court conduct a physical inspection of assets at the end of each year to make comparisons to the list of inventoried assets. This inventory should be maintained at historical cost.

*County Judge/Executive Stan Humphries response: We will comply with the request.*

**The fiscal court did not properly dispose of a firearm as required by KRS 65.041.** During testing, we noted that a firearm was sold to a former employee of the Sheriff's office. KRS 65.041 states "When a police department, sheriff's department, or other agency of city, county, urban-county, or charter county government or other unit of local government disposes of firearms or ammunition owned by that unit of local government, the disposition shall be by: (a) Public auction to persons eligible under federal law to purchase the type of firearm or ammunition being offered for sale; (b) Trade to the federally licensed firearms dealer providing new firearms or ammunition to the agency; or (c) Transfer to another government agency or government-operated museum in Kentucky for official use or display." We recommend the fiscal court dispose of firearms in the manner prescribed by KRS 65.041.

*County Judge/Executive Stan Humphries response: We will dispose of firearms in the manner by KRS 65.041.*

**The fiscal court should include all financial activity on quarterly financial statements.** During testing we noted that the fiscal court did not maintain records for the Senior Citizens Account. The cash balances, receipts, and disbursements related to this account were not included in financial information reported on the fiscal court's quarterly financial statement. Although a trustee maintains the construction account for the Senior Citizens Project the fiscal court should maintain invoices and receipts and disbursement ledgers to properly account for the all transactions of the fiscal court. We recommend the fiscal court maintain records for and include all financial activity on the quarterly financial statements.

*County Judge/Executive Stan Humphries response: We will maintain records on the quarterly financial statement.*

**Debt principal should be properly disclosed on the quarterly financial statements.** During testing of debt, the auditor noted that the Justice Center Lease Revenue Bonds were omitted from the quarterly financial statements. The debt owed was understated by \$11,010,000. We recommend that all debt principal be properly recorded on the quarterly financial statements.

*County Judge/Executive Stan Humphries response: We will record debt principal on the quarterly financial statements.*

The audit report can be found on the [auditor's website](#).

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